

Auditing Procedures Report


Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Village of Bloomingdale	County Van Buren
Fiscal Year End February 28, 2006	Opinion Date June 20, 2006	Date Audit Report Submitted to State August 31, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

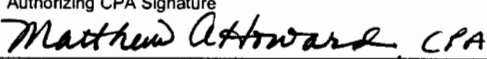
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

 **Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input checked="" type="checkbox"/>	SAS 61 Letter	
Certified Public Accountant (Firm Name) Seber Tans, PLC		Telephone Number 269-343-8180	
Street Address 555 West Crosstown Pky., Ste. 304		City Kalamazoo	State MI
		Zip 49008	
Authorizing CPA Signature  CPA		Printed Name Matthew Howard	
		License Number 1101013253	

VILLAGE OF BLOOMINGDALE, MICHIGAN
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
For the Year Ended February 28, 2006

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SEBER TANS, PLC

CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Village Council
Village of Bloomingdale, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Village of Bloomingdale (the Village) as of and for the year ended February 28, 2006, which collectively comprises the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Village of Bloomingdale as of February 28, 2006 and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2-4 and 24-28, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.


Seber Tans, PLC
Kalamazoo, Michigan

June 20, 2006

**VILLAGE OF BLOOMINGDALE
109 E. KALAMAZOO ST.
P.O. BOX 236
BLOOMINGDALE, MI 49026**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Village as a whole as well as providing a view of the Village's longer-term finances.

Fund financial statements show how services were financed in the short term and also show what remains for future spending.

The Management's Discussion and Analysis is a requirement of GASB 34, and is intended to be the Village's analysis of the financial results for the fiscal year ended February 28, 2006.

The Village as a Whole

The Village's combined net assets showed a slight improvement during the 2005/2006 fiscal year. Factors contributing towards this slight improvement are found generally within the governmental activities of the Village. The table below shows a summary of the net assets at February 28:

	Governmental Activities		Business-Type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Current assets	\$ 370,852	\$ 378,496	\$ 323,257	\$ 358,434	\$ 694,109	\$ 736,930
Capital assets	259,207	161,928	408,768	365,210	667,975	527,138
Total assets	630,059	540,424	732,025	723,644	1,362,084	1,264,068
Current liabilities	24,902	21,861	29,771	11,659	54,673	33,520
Noncurrent liabilities	12,534	27,477	---	---	12,534	27,477
Total liabilities	37,436	49,338	29,771	11,659	67,207	60,997
Net assets:						
Invested in capital assets, net of related debt	259,207	161,928	408,768	365,210	667,975	527,138
Restricted	84,958	67,883	---	---	84,958	67,883
Unreserved	248,458	261,275	293,486	346,775	541,944	608,050
Total net assets	<u>\$ 592,623</u>	<u>\$ 491,086</u>	<u>\$ 702,254</u>	<u>\$ 711,985</u>	<u>\$ 1,294,877</u>	<u>\$ 1,203,071</u>

The Village's Funds

The Village's financial system is divided into funds to allow for specific purposes and accountability of expenses incurred throughout the year. These funds are: General Fund, Major Street Fund, Local Street Fund and Sewer Fund.

The General Fund pays for the majority of operating expenses that the Village incurs including: administration, local police department operations, general labor for areas of general fund activity including maintenance of the park, building maintenance, DPW maintenance, sidewalk maintenance, office equipment purchase and maintenance, elections, ordinance administration, etc. The General Fund is also in the 6th year paying Van Buren County Drain Commission for Houghton drain work.

The General Fund also pays for other fund balances that may have fallen short for various reasons.

The Sewer Fund pays for both minor and major repairs of the Village's sewer system as well as general maintenance of the system including labor costs, parts, electrical usage by the two lift stations, laboratory costs of discharging wastewater associated with DEQ requirements, etc. The Sewer Fund also pays the General Fund for equipment used that was originally purchased with General Fund monies.

The Major Street Fund pays for minor and major repairs of all streets classified as part of the Major Street System including storm drainage systems, administration, tree trimming and planting programs, etc. The Village receives funds from the State of Michigan through the Act 51 funding system which is calculated by the state on a mileage basis. These funds are received on a quarterly basis. The Major Street Fund also reimburses the General Fund and Sewer Fund for equipment used based on a rental program to reimburse for equipment originally purchased using funds from the General Fund and Sewer Fund.

The Local Street Fund pays for minor and major repairs of all streets classified as part of the Local Street System including storm drainage systems, administration, tree trimming and planting programs, etc. The Village receives funds from the State of Michigan through the Act 51 funding system which is calculated by the state on a mileage basis. These funds are received on a quarterly basis. The Local Street Fund also reimburses the General Fund and Sewer Fund for equipment used based on a rental program to reimburse for equipment originally purchased using funds from the General Fund and Sewer Fund.

Governmental Activities

Governmental activities increased the Village's net assets by \$101,537. Key factors include:

- Closely monitoring expenditures
- Harvesting of trees
- Increases in interest rates

The cost of all governmental activities this year was \$232,602. After subtracting the direct charges to those who directly benefited from the programs (\$405), the "public benefit" portion covered by property taxes, state revenue sharing, and other general revenues was \$232,197.

Business-Type Activities

The Village's business-type activity consists of a Sewer Fund. We provide wastewater services to the Village residents (approximately 200 customers). We also provide sewer services to one business and the Township Fire Department outside of the Village.

Business-type activities decreased the Village's net assets by \$9,731. The fund balance in the sewer fund changed significantly due to the unscheduled replacement of both lift stations. The repairs were made quickly and efficiently at 50% less than engineered estimates. The public works barn was insulated; two overhead garage doors were replaced, new wiring was added and a fuel efficient furnace was replaced. These improvements are expected to pay for themselves in reduced utilities in less than five years. Major upgrades in accounting procedures were implemented to include networking the sewer clerk's computer with the treasurer and village clerk. The new procedures were instrumental in setting new sewer rates for the fiscal year 2006.

Restrictions on Funds

No restrictions on funds have been imposed by the Village.

Significant Budget Variances

None

Capital Assets and Debt Administration

The Village's investment in capital assets for its governmental and business-type activities as of February 28 consisted of the following:

	Governmental Activities		Business-Type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Land	\$ 24,000	\$ 24,000	\$ 22,640	\$ 22,640	\$ 46,640	\$ 46,640
Infrastructure	43,811	---	841,914	789,041	885,725	789,041
Buildings and improvements	141,124	141,124	---	---	141,124	141,124
Equipment	145,842	77,966	64,843	57,168	210,685	135,134
Office equipment and furniture	9,638	11,328	---	---	9,638	11,328
Totals	<u>\$ 364,415</u>	<u>\$ 254,418</u>	<u>\$ 929,397</u>	<u>\$ 868,849</u>	<u>\$ 1,293,812</u>	<u>\$ 1,123,267</u>

Major governmental capital asset additions for the year ended February 28, 2006 included the following:

- Purchase of a backhoe \$67,000
- Re-pavement of Willow road \$43,811

Major business-type capital asset additions for the year ended February 28, 2006 included the following:

- Improvements to buildings \$14,047
- Replacement of lift stations \$52,873

As of February 28, 2006 two payments of approximately \$15,000 each remain to be paid for the Houghton drain projects.

Contacting the Village's Management

This financial report is intended to provide our citizens, taxpayers, and customers with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have any questions about this report or need additional information, we encourage you to contact the Village Office at 269-521-3222, or P.O. Box 236, Bloomington, MI 49026.

VILLAGE OF BLOOMINGDALE, MICHIGAN
STATEMENT OF NET ASSETS
February 28, 2006

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 217,650	\$ 102,683	\$ 320,333
Investments	86,289	207,412	293,701
Accounts receivable	15,635	10,321	25,956
Taxes receivable	23,109	---	23,109
Internal balances	28,169	2,841	31,010
Capital assets - net	259,207	408,768	667,975
TOTAL ASSETS	\$ 630,059	\$ 732,025	\$ 1,362,084
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable	\$ 7,118	\$ ---	\$ 7,118
Deferred revenue	---	1,602	1,602
Internal balances	2,841	28,169	31,010
Noncurrent liabilities			
Due within one year	14,943	---	14,943
Due in more than one year	12,534	---	12,534
TOTAL LIABILITIES	37,436	29,771	67,207
NET ASSETS			
Invested in capital assets, net of related debt	259,207	408,768	667,975
Restricted for:			
Streets	84,958	---	84,958
Unreserved	248,458	293,486	541,944
TOTAL NET ASSETS	592,623	702,254	1,294,877
TOTAL LIABILITIES AND NET ASSETS	\$ 630,059	\$ 732,025	\$ 1,362,084

See Notes to Financial Statements

VILLAGE OF BLOOMINGDALE, MICHIGAN
STATEMENT OF ACTIVITIES
For the Year Ended February 28, 2006

Functions/Programs	Expenses	Program Revenue	Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Governmental Activities	Business-Type Activities	Totals
Primary government					
Governmental activities:					
General government	\$ (73,739)	\$ ---	\$ (73,739)	\$ ---	\$ (73,739)
Public safety	(55,475)	---	(55,475)	---	(55,475)
Public works	(89,335)	405	(88,930)	---	(88,930)
Interest	(50)	---	(50)	---	(50)
Depreciation (unallocated)	(14,408)	---	(14,408)	---	(14,408)
TOTAL GOVERNMENTAL ACTIVITIES	(233,007)	405	(232,602)	---	(232,602)
Business-type activities:					
Sewer	(70,784)	49,637	---	(21,147)	(21,147)
TOTAL GOVERNMENT	\$ (303,791)	\$ 50,042	\$ (232,602)	\$ (21,147)	\$ (253,749)
GENERAL REVENUES:					
Property taxes			\$ 156,363	\$ ---	\$ 156,363
State shared revenue			117,997	---	117,997
Interest and investment income			12,149	11,993	24,142
Miscellaneous			47,630	(577)	47,053
TOTAL GENERAL REVENUES			334,139	11,416	345,555
INCREASE (DECREASE) IN NET ASSETS			101,537	(9,731)	91,806
Net assets at beginning of year			491,086	711,985	1,203,071
NET ASSETS AT END OF YEAR			\$ 592,623	\$ 702,254	\$ 1,294,877

See Notes to Financial Statements

VILLAGE OF BLOOMINGDALE, MICHIGAN
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS AND THE
RECONCILIATION TO THE STATEMENT OF NET ASSETS
February 28, 2006

	General	Major Street	Local Street	Total Govern- Mental
ASSETS				
Cash and cash equivalents	\$ 117,660	\$ 53,912	\$ 46,078	\$ 217,650
Investments	86,289	---	---	86,289
Property taxes receivable	16,846	3,194	3,069	23,109
Accounts receivable	11,297	3,379	959	15,635
Due from other funds	50,190	---	---	50,190
TOTAL ASSETS	\$ 282,282	\$ 60,485	\$ 50,106	\$ 392,873
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds	\$ ---	\$ 16,830	\$ 8,032	\$ 24,862
Other liabilities	7,118	---	---	7,118
TOTAL LIABILITIES	7,118	16,830	8,032	31,980
FUND BALANCES				
Reserved for street services	---	43,655	42,074	85,729
Unreserved	275,164	---	---	275,164
TOTAL FUND BALANCES	275,164	43,655	42,074	360,893
TOTAL LIABILITIES AND FUND BALANCES	\$ 282,282	\$ 60,485	\$ 50,106	\$ 392,873
Reconciliation of the Combined Balance Sheet – Governmental Funds to the Statement of Net Assets:				
Total governmental fund balances				\$ 360,893
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources, and are not reported in the funds:				
The cost of the capital assets is			364,415	
Accumulated depreciation is			(105,208)	
				259,207
Long term liabilities that are not due and payable in the current period and are not reported in the funds				(27,477)
NET ASSETS OF GOVERNMENTAL ACTIVITIES				\$ 592,623

See Notes to Financial Statements

VILLAGE OF BLOOMINGDALE, MICHIGAN
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended February 28, 2006

	<u>General</u>	<u>Major Street</u>	<u>Local Street</u>	<u>Total Govern- Mental</u>
REVENUES				
Property taxes	\$ 146,522	\$ 13,783	\$ 13,234	\$ 173,539
Licenses and permits	1,025	---	---	1,025
Intergovernmental revenues	65,667	40,759	11,571	117,997
Charges for service	405	---	---	405
Interest	9,691	1,382	1,076	12,149
Miscellaneous	59,177	---	---	59,177
TOTAL REVENUES	<u>282,487</u>	<u>55,924</u>	<u>25,881</u>	<u>364,292</u>
EXPENDITURES				
Current				
General government	73,739	---	---	73,739
Public safety	55,475	---	---	55,475
Public works	82,530	55,385	7,803	145,718
Capital outlay	67,876	---	---	67,876
Debt service	14,993	---	---	14,993
TOTAL EXPENDITURES	<u>294,613</u>	<u>55,385</u>	<u>7,803</u>	<u>357,801</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(12,126)	539	18,078	6,491
Fund balances at beginning of year	<u>287,290</u>	<u>43,116</u>	<u>23,996</u>	<u>354,402</u>
FUND BALANCES AT END OF YEAR	<u>\$ 275,164</u>	<u>\$ 43,655</u>	<u>\$ 42,074</u>	<u>\$ 360,893</u>

See Notes to Financial Statements

VILLAGE OF BLOOMINGDALE, MICHIGAN
RECONCILIATION OF THE COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended February 28, 2006

Net change in fund balance – total governmental funds \$ 6,491

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Depreciation expense	(14,408)	
Capital outlay	<u>111,687</u>	97,279

Repayment of long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt payable)	14,943
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Assets are not available to pay for current period expenditures and therefore are deferred in the funds and recognized as revenue in the statement of activities:

Change in property taxes receivable	<u>(17,176)</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 101,537</u>
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See Notes to Financial Statements

VILLAGE OF BLOOMINGDALE, MICHIGAN
STATEMENT OF NET ASSETS – PROPRIETARY FUND
February 28, 2006

	<u>Sewer Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 102,683
Investments	207,412
Accounts receivable	10,321
Due from other funds	2,841
TOTAL CURRENT ASSETS	<u>323,257</u>
PROPERTY AND EQUIPMENT	
Land	22,640
Sewer system	841,913
Equipment	64,844
	<u>929,397</u>
Less accumulated depreciation	<u>(520,629)</u>
NET PROPERTY AND EQUIPMENT	<u>408,768</u>
TOTAL ASSETS	<u><u>\$ 732,025</u></u>
LIABILITIES	
CURRENT LIABILITIES	
Deferred revenue	\$ 1,602
Due to other funds	28,169
TOTAL CURRENT LIABILITIES	<u>29,771</u>
NET ASSETS	
Invested in capital assets	408,768
Unrestricted	293,486
TOTAL NET ASSETS	<u>702,254</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 732,025</u></u>

See Notes to Financial Statements

VILLAGE OF BLOOMINGDALE, MICHIGAN
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS –
PROPRIETARY FUND
For the Year Ended February 28, 2006

	<u>Sewer Fund</u>
OPERATING REVENUES	
Charges for services	\$ 47,446
Miscellaneous	<u>2,191</u>
TOTAL OPERATING REVENUES	49,637
OPERATING EXPENSES	
Wages and benefits	21,445
Depreciation	22,785
Contracted services	6,039
Equipment rental	2,361
Miscellaneous	3,972
Repairs and maintenance	1,799
Utilities	2,940
Supplies	7,463
Legal and accounting	<u>1,980</u>
TOTAL OPERATING EXPENSES	<u>70,784</u>
OPERATING LOSS	(21,147)
NON-OPERATING INCOME (EXPENSE)	
Loss on disposal of asset	(577)
Interest income	<u>11,993</u>
NET NON-OPERATING INCOME	<u>11,416</u>
DECREASE IN NET ASSETS	(9,731)
Net assets at beginning of year	<u>711,985</u>
NET ASSETS AT END OF YEAR	<u>\$ 702,254</u>

See Notes to Financial Statements

VILLAGE OF BLOOMINGDALE, MICHIGAN
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
For the Year Ended February 28, 2006

	<u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from:	
Receipts from customers	\$ 46,847
Cash paid for:	
Wages and benefits	(21,445)
Contracted services	(11,689)
Equipment rental	(2,361)
Miscellaneous	(3,972)
Repairs and maintenance	(1,799)
Utilities	(2,940)
Supplies	(7,463)
Legal and accounting	(1,980)
Internal payments from other funds	22,302
Total cash paid	<u>(31,347)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	15,500
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of capital assets	(66,920)
Loss on disposal of capital assets	577
Reinvestment of interest income	(7,412)
Interest income	11,416
NET CASH USED IN INVESTING ACTIVITIES	<u>(62,339)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(46,839)
Cash and cash equivalents at beginning of year	<u>149,522</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 102,683</u>

See Notes to Financial Statements

VILLAGE OF BLOOMINGDALE, MICHIGAN
STATEMENT OF CASH FLOWS – PROPRIETARY FUND (CONTINUED)
For the Year Ended February 28, 2006

	<u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	\$ (21,147)
Adjustments to reconcile operating income to cash used in operating activities:	
Depreciation	22,785
Decrease (increase) in:	
Accounts receivable	(2,751)
Increase in:	
Accounts payable	(5,650)
Internal balances	22,302
Deferred revenue	(39)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 15,500</u></u>

See Notes to Financial Statements

VILLAGE OF BLOOMINGDALE, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended February 28, 2006

NOTE A – Summary of Significant Accounting Policies

The accounting policies of Village of Bloomingdale, Michigan (the Village) are in conformity with accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies used by the Village.

Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the Village or primary government. In evaluating how to define the Village for financial reporting purposes, management has considered all potential component units based on applying the criteria set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. The Village has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a blended or discretely-presented component unit.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

VILLAGE OF BLOOMINGDALE, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended February 28, 2006

NOTE A – Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of property taxes which was extended to 120 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have therefore been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Taxes Receivable

The Village's tax is levied on each July 1st on the taxable valuation of property (as defined by state statutes) located in the Village as of the preceding December 31st. Uncollected taxes are purchased by the County within 120 days following the close of the fiscal year of the tax levy. Uncollectible accounts are charged back to the Village by the County.

The 2005 taxable valuation of The Village totaled \$5,935,296, on which ad valorem taxes levied consisted of 10.1864 mills for operating purposes, 1.15209 mills for major street services, 1.1069 mills for local street services, 2.50 mills for a special drain assessment and 10.0 mills for police protection. These amounts are recognized in the respective General and Special Revenue financial statements as taxes receivable or as tax revenue.

VILLAGE OF BLOOMINGDALE, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended February 28, 2006

NOTE A – Summary of Significant Accounting Policies (Continued)

Fund Based Statements

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Street Fund accounts for the resources of state gas and weight tax revenues that are restricted for use on major streets.

The Local Street Fund accounts for the resources of state gas and weight tax revenues that are restricted for use on local streets.

Additionally, the Village reports the following major proprietary fund:

The Sewer Fund accounts for the activities of the sewage collection system.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's sewer function and various other functions of the Village. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include; (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from non operating items. Operating revenue and expenses generally result from providing sewer services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary fund relates to charges to customers for sales and services. The sewer fund also recognizes the portions of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

VILLAGE OF BLOOMINGDALE, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended February 28, 2006

NOTE A – Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Assets or Equity

Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables

In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. Taxes are levied on July 1st and are collected through February 28 by various local units for the Village. The local units then remit to the Village any delinquent real property taxes by June 30.

Capital Assets

Capital assets, which include property, buildings, equipment, vehicles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extended asset life are not capitalized.

Building, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings	20-50 years
Building improvements	15-30 years
Sewer lines	40-50 years
Roads	10-30 years
Other infrastructure	5-20 years
Vehicles	3-5 years
Office equipment	5-7 years
Computer equipment	3-5 years

VILLAGE OF BLOOMINGDALE, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended February 28, 2006

NOTE A – Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in applicable governmental activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Contributed capital is recorded in proprietary funds for capital grants or contributions from customers or other funds.

Comparative Data/Reclassifications

Comparative data is not included in the Village's financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Village's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE B - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

VILLAGE OF BLOOMINGDALE, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended February 28, 2006

NOTE B - Stewardship, Compliance, and Accountability (Continued)

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At the December Village Council meeting, the Village President submits to the Village Council a proposed operating budget for the fiscal year commencing the following March 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to March 1st, the budget is legally adopted by the Village Council.
4. The Village President is authorized to transfer up to \$1,000 of budgeted amounts between activities within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Village Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Major Street Fund, Local Street Fund, and Water and Sewer Fund.
6. Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted, or as amended by the Village Council.

Excess of Expenditures Over Appropriations in Budgeted Funds

The Uniform Budgeting and Accounting Act, as amended, provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. The Village's actual expenditures and budgeted expenditures for the funds budgeted have been shown on a functional basis. The approved budgets of the Village for these budgeted funds were adopted on the line item level.

The Village did not have significant expenditure budget variances.

NOTE C – Cash and Investments

At February 28, 2006, the Village's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Govern- Mental Activities</u>	<u>Business- Type Activities</u>	<u>Total Primary Government</u>
Cash and cash equivalents	\$ 217,650	\$ 102,683	\$ 320,333
Investments	86,289	207,412	293,701
TOTAL	<u>\$ 303,939</u>	<u>\$ 310,095</u>	<u>\$ 614,034</u>

VILLAGE OF BLOOMINGDALE, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended February 28, 2006

NOTE C – Cash and Investments (Continued)

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank deposits (checking and savings accounts)	\$ 320,333
Investments (certificates of deposits and stock holdings)	293,701
TOTAL	<u><u>\$ 614,034</u></u>

Michigan Compiled Law authorizes the Village to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Village is allowed to invest in bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Village Council has designated one bank for deposit of the Village's funds. The investment policy adopted by the Village Council has authorized investments in bonds and securities of the United States government, bank accounts, and certificates of deposit, but not the remainder of State statutory authority as listed above.

The Village's deposits and investment policy are in accordance with statutory authority.

Cash deposits and investments are classified according to credit risk to give an indication of the level of risk assumed by the Village at February 28, 2006. The categories are described as follows:

Category 1: Insured or registered, or securities held by the Village or by its agent in the Village's name.

Category 2: Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Village's name.

Category 3: Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Village's name.

VILLAGE OF BLOOMINGDALE, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended February 28, 2006

NOTE C – Cash and Investments (Continued)

At February 28, 2006, the Village's bank balance in cash deposits including checking, savings, and investments in certificates of deposit was \$532,139, of which \$324,727 is reported as cash and cash equivalents, and \$293,701 is reported as investments. Investments include \$207,412 in certificates of deposits which mature in greater than three months and \$86,289 in stock holdings. Of the bank balance, \$100,000 is covered by federal depository insurance and \$432,139 was uninsured and uncollateralized.

NOTE D – Capital Assets

Capital asset activity of the Village's governmental activities was as follows:

	March 1, 2005	Additions	Disposals	February 28, 2006
Capital assets not being depreciated:				
Land	\$ 24,000	\$ ---	\$ ---	\$ 24,000
Capital assets being depreciated:				
Buildings and improvements	141,125	---	---	141,125
Equipment	77,966	67,876	---	145,842
Infrastructure	---	43,811	---	43,811
Office equipment and furniture	11,328	---	1,690	9,638
	<u>230,419</u>	<u>111,687</u>	<u>1,690</u>	<u>340,416</u>
Less accumulated depreciation	<u>(92,490)</u>	<u>(14,409)</u>	<u>1,690</u>	<u>(105,209)</u>
Net capital assets being depreciated	<u>137,929</u>	<u>97,278</u>	<u>---</u>	<u>235,207</u>
Net capital assets total – net of accumulated depreciation	<u>\$ 161,929</u>	<u>\$ 97,278</u>	<u>\$ ---</u>	<u>\$ 259,207</u>

Depreciation expense was not charged to activities as the Village considers its assets to impact multiple activities and allocation is not practical.

VILLAGE OF BLOOMINGDALE, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended February 28, 2006

NOTE D – Capital Assets (Continued)

Capital asset activity of the Village's proprietary activities was as follows:

	March 1, 2005	Additions	Disposals	February 28, 2006
Capital assets being depreciated:				
Land	\$ 22,640	\$ ---	\$ ---	\$ 22,640
Treatment facility	377,400	52,873	---	430,273
Sewer system	411,641	---	---	411,641
Machinery and equipment	57,168	14,047	(6,372)	64,843
	868,849	66,920	(6,372)	929,397
Less accumulated depreciation	(503,639)	(22,785)	5,795	(520,629)
Net capital assets being depreciated	<u>\$ 365,210</u>	<u>\$ 44,135</u>	<u>\$ (577)</u>	<u>\$ 408,768</u>

NOTE E – Interfund Receivables and Payables

The composition of interfund balances as of February 28, 2006, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Major Street Fund	\$ 14,911
	Local Street Fund	7,110
	Sewer Fund	28,169
Sewer Fund	Major Street Fund	1,919
	Local Street Fund	922
		<u>\$ 53,031</u>

NOTE F – Long-Term Debt

The individual fund long-term debt and other long-term obligations of the Village and the changes therein, are summarized as follows:

	Balance at March 1, 2005	Additions	Deductions	Balance at February 28, 2006
GOVERNMENTAL ACTIVITIES				
A drainage assessment payable to Van Buren County for construction and maintenance of the Houghton Drain. The original amount is payable in annual installments of \$14,943. The Village is not required to pay interest on the assessment.	<u>\$ 42,420</u>	<u>\$ ---</u>	<u>\$ (14,943)</u>	<u>\$ 27,477</u>

VILLAGE OF BLOOMINGDALE, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended February 28, 2006

NOTE F – Long-Term Debt (Continued)

Annual debt service requirements to maturity for debt obligations are as follows:

Payments due for years ending February 28:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2007	\$ 14,942	\$ ---	\$ ---	\$ ---
2008	12,535	---	---	---
TOTAL	\$ 27,477	\$ ---	\$ ---	\$ ---

NOTE G – Risk Management

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Village has purchased commercial insurance for death and disability, hospitalization and life claims, and is a member of the Michigan Municipal League Liability and Property Pool for claims relating in liability, fire, fleet, and bonds. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Village participates in the Michigan Municipal Workers' Compensation Fund risk pools for the purpose of its workers compensation coverage.

The Pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF BLOOMINGDALE, MICHIGAN
BUDGET COMPARISON SCHEDULE – GENERAL FUND
For the Year Ended February 28, 2006

	Budgeted Amounts			Variance with Final Budget Fav (Unfav)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 127,825	\$ 127,825	\$ 146,522	\$ 18,697
Licenses and permits	3,000	3,000	1,025	(1,975)
Intergovernmental revenues				
State shared revenues	66,000	66,000	65,435	(565)
Liquor license fees	350	350	232	(118)
	66,350	66,350	65,667	(683)
Charges for services				
Ordinance fines	250	250	405	155
Interest	2,500	2,500	9,691	7,191
Miscellaneous				
Arch Donations	---	---	50	50
Reimbursements	8,000	8,000	40,525	32,525
Miscellaneous	117,850	117,850	12,785	(105,065)
Unrealized gain on investment	---	---	5,817	5,817
	125,850	125,850	59,177	(66,673)
TOTAL REVENUES	325,775	325,775	282,487	(43,288)
EXPENDITURES				
General government				
Village council				
Salaries	\$ 4,700	\$ 4,700	\$ 4,290	\$ 410
Memberships and dues	700	700	811	(111)
Miscellaneous	100	100	---	100
	5,500	5,500	5,101	399
President				
Salaries	2,600	2,600	2,600	---
Other executive activities				
Legal	1,600	1,600	1,372	228
Clerk				
Salary	11,005	11,005	11,082	(77)
Postage	400	400	684	(284)
Telephone	820	820	790	30
Insurance and bonds	100	100	---	100
Miscellaneous	200	200	1,143	(943)
	12,525	12,525	13,699	(1,174)
Treasurer				
Salary	6,815	6,815	6,815	---
Postage	400	400	494	(94)
Telephone	480	480	569	(89)
Insurance and bonds	200	200	---	200
Miscellaneous	100	100	1,287	(1,187)
	7,995	7,995	9,165	(1,170)

VILLAGE OF BLOOMINGDALE, MICHIGAN
BUDGET COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)
For the Year Ended February 28, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Fav (Unfav)</u>
	<u>Original</u>	<u>Final</u>		
Other general government				
Education and travel	\$ 2,000	\$ 2,000	\$ 90	\$ 1,910
Payroll taxes	6,900	6,900	7,275	(375)
Unemployment taxes	600	600	20	580
Professional fees	7,000	7,000	6,025	975
Printing and publications	2,500	2,500	1,671	829
Inspection and permits	3,000	3,000	1,065	1,935
Insurance and bonds	12,760	12,760	11,410	1,350
Miscellaneous	400	400	593	(193)
Tree Removal	2,000	2,000	---	2,000
	<u>37,160</u>	<u>37,160</u>	<u>28,149</u>	<u>9,011</u>
Municipal building				
Supplies	3,000	3,000	627	2,373
Utilities	4,800	4,800	4,191	609
Repairs and maintenance	10,000	10,000	8,835	1,165
	<u>17,800</u>	<u>17,800</u>	<u>13,653</u>	<u>4,147</u>
Total general government	85,180	85,180	73,739	11,441
Public safety				
Police				
Salaries	35,280	35,280	35,231	49
Retirement	1,200	1,200	6,450	(5,250)
Supplies	600	600	848	(248)
Telephone	900	900	581	319
Repairs	1,500	1,500	722	778
Insurance	20,160	20,160	10,553	9,607
Miscellaneous	500	500	1,090	(590)
	<u>60,140</u>	<u>60,140</u>	<u>55,475</u>	<u>4,665</u>
Total public safety	60,140	60,140	55,475	4,665
Public works				
Department of public works				
Salaries	30,260	30,260	30,261	(1)
Wages	10,000	10,000	1,463	8,537
Retirement	1,200	1,200	1,200	---
Supplies	1,500	1,500	307	1,193
Insurances	19,800	19,800	17,187	2,613
Telephone	840	840	932	(92)
Utilities	4,800	4,800	3,930	870
Miscellaneous	1,300	1,300	345	955
	<u>69,700</u>	<u>69,700</u>	<u>55,625</u>	<u>14,075</u>
Sidewalks				
Operating supplies	500	500	80	420
Contracted services	6,000	6,000	6,532	(532)
Equipment rental	---	---	270	(270)
	<u>6,500</u>	<u>6,500</u>	<u>6,882</u>	<u>(382)</u>

VILLAGE OF BLOOMINGDALE, MICHIGAN
BUDGET COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)
For the Year Ended February 28, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Fav (Unfav)</u>
	<u>Original</u>	<u>Final</u>		
Drains				
Contracted services	\$ 1,200	\$ 1,200	\$ ---	1,200
Miscellaneous	1,000	1,000	1,382	(382)
	<u>2,200</u>	<u>2,200</u>	<u>1,382</u>	<u>818</u>
Street Lights				
Utilities – street lights	6,000	6,000	5,679	321
Utilities - blinker	270	270	139	131
	<u>6,270</u>	<u>6,270</u>	<u>5,818</u>	<u>452</u>
Village park				
Operating supplies	400	400	382	18
Contracted services	1500	1500	1,235	265
Tree trimming	---	---	600	(600)
Equipment rental	---	---	423	(423)
Donation	4,000	4,000	4,000	---
Repairs and maintenance	---	---	(1,729)	1,729
Miscellaneous	600	600	431	169
	<u>6,500</u>	<u>6,500</u>	<u>5,342</u>	<u>1,158</u>
Museum				
Supplies	300	300	47	253
Utilities	3,400	3,400	2,026	1,374
Miscellaneous	500	500	9	491
	<u>4,200</u>	<u>4,200</u>	<u>2,082</u>	<u>2,118</u>
Equipment				
Gas	4,100	4,100	4,016	84
Repairs and maintenance	2,400	2,400	1,383	1,017
	<u>6,500</u>	<u>6,500</u>	<u>5,399</u>	<u>1,101</u>
Total public works	101,870	101,870	82,530	19,340
Debt service	12,585	12,585	14,993	(2,408)
Capital outlay	<u>66,000</u>	<u>66,000</u>	<u>67,876</u>	<u>(1,876)</u>
TOTAL EXPENDITURES	<u>325,775</u>	<u>325,775</u>	<u>294,613</u>	<u>31,162</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	---	---	(12,126)	(12,126)
Fund balance at beginning of year	<u>287,290</u>	<u>287,290</u>	<u>287,290</u>	<u>---</u>
FUND BALANCE, END OF YEAR	<u>\$ 287,290</u>	<u>\$ 287,290</u>	<u>\$ 275,164</u>	<u>\$ (12,126)</u>

VILLAGE OF BLOOMINGDALE, MICHIGAN
BUDGET COMPARISON SCHEDULE – MAJOR STREET FUND
For the Year Ended February 28, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Fav (Unfav)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 7,400	\$ 7,400	\$ 13,783	\$ 6,383
Intergovernmental revenues	48,000	48,000	40,759	(7,241)
Interest	---	---	1,382	1,382
TOTAL REVENUES	<u>55,400</u>	<u>55,400</u>	<u>55,924</u>	<u>524</u>
EXPENDITURES				
Routine street maintenance				
Operating labor	---	---	3,559	(3,559)
Materials	1,000	1,000	1,351	(351)
Equipment rental	---	---	4,738	(4,738)
	<u>1,000</u>	<u>1,000</u>	<u>9,648</u>	<u>(8,648)</u>
Traffic services				
Contracted services	2,500	2,500	398	2,102
Winter maintenance				
Materials	2,000	2,000	618	1,382
Street Construction				
Contracted services	40,000	40,000	43,811	(3,811)
Administrative				
Contracted services	3,000	3,000	---	3,000
Professional fees	700	700	900	(200)
Miscellaneous	1,000	1,000	10	990
	<u>4,700</u>	<u>4,700</u>	<u>910</u>	<u>3,790</u>
TOTAL EXPENDITURES	<u>50,200</u>	<u>50,200</u>	<u>55,385</u>	<u>(5,185)</u>
EXCESS OF REVENUES OVER EXPENDITURES	5,200	5,200	539	(4,661)
FUND BALANCE AT BEGINNING OF YEAR	<u>43,116</u>	<u>43,116</u>	<u>43,116</u>	<u>---</u>
FUND BALANCE AT END OF YEAR	<u>\$ 48,316</u>	<u>\$ 48,316</u>	<u>\$ 43,655</u>	<u>\$ (4,661)</u>

VILLAGE OF BLOOMINGDALE, MICHIGAN
BUDGET COMPARISON SCHEDULE – LOCAL STREET FUND
For the Year Ended February 28, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Fav (Unfav)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 7,400	\$ 7,400	\$ 13,234	\$ 5,834
Intergovernmental revenues	11,115	11,115	11,571	456
Interest	---	---	1,076	1,076
TOTAL REVENUES	<u>18,515</u>	<u>18,515</u>	<u>25,881</u>	<u>7,366</u>
EXPENDITURES				
Routine street maintenance				
Operating labor	---	---	2,309	(2,309)
Materials	4,000	4,000	---	4,000
Equipment rental	---	---	3,464	(3,464)
Miscellaneous	1,000	1,000	---	1,000
	<u>5,000</u>	<u>5,000</u>	<u>5,773</u>	<u>(773)</u>
Traffic services				
Contracted services	---	---	122	(122)
Winter maintenance				
Materials	1,600	1,600	594	1,006
Contracted services	2,000	2,000	---	2,000
	<u>3,600</u>	<u>3,600</u>	<u>594</u>	<u>3,006</u>
Tree Trimming				
Contracted services	---	---	200	(200)
Administrative				
Professional fees	700	700	900	(200)
Miscellaneous	1,000	1,000	214	786
	<u>1,700</u>	<u>1,700</u>	<u>1,114</u>	<u>586</u>
TOTAL EXPENDITURES	<u>10,300</u>	<u>10,300</u>	<u>7,803</u>	<u>2,497</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>8,215</u>	<u>8,215</u>	<u>18,078</u>	<u>9,863</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>23,996</u>	<u>23,996</u>	<u>23,996</u>	<u>---</u>
FUND BALANCE AT END OF YEAR	<u>\$ 32,211</u>	<u>\$ 32,211</u>	<u>\$ 42,074</u>	<u>\$ 9,863</u>

SEBER TANS, PLC

CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

June 20, 2006

To the Village Council
Village of Bloomingdale, Michigan

In planning and performing our audit of the financial statements of Village of Bloomingdale, Michigan (the Village) for the year ended February 28, 2006, we considered its internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the Organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily disclose all matters that might be reportable conditions. In addition, because of inherent limitations in internal control, errors or fraud may occur and not be detected by such controls.

Segregation-of-duties


The Village has a limited number of personnel, which contributes to a lack of segregation-of-duties, similar to observations in our audit of the 2005 financial statements. Because of these limitations, errors or fraud may occur and not be detected by internal accounting controls. Village personnel open mail and receive payments under single control.

We recommend that the Village Council closely monitor the financial activities of the Village and that the Village continue to explore ways of segregating duties and monitoring financial activities, especially in the highly critical areas of cash receipts. We recommend that bonding of all personnel be periodically reviewed to assure that adequate coverage is maintained with the changes in conditions within the Village.

This reportable condition was considered in determining the nature, timing, and extent of the audit tests applied in our audit of the 2006 financial statements, and this report does not affect our report on those financial statements dated June 20, 2006. We have not considered internal control since the date of our report.

This report is intended solely for the information and use of the Village Council, management, and others within the Village and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,


Seber Tans, PLC

SEBER TANS, PLC

CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

June 20, 2006

To the Village Council
Village of Bloomingdale, Michigan

We have audited the financial statements of Village of Bloomingdale, Michigan (the Village) as of and for the year ended February 28, 2006, and have issued our report thereon dated June 20, 2006. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated January 1, 2004, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the Village. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Village are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Village during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the historic value of fixed assets and the related

accumulated depreciation required by GASB Statement No. 34, as well as depreciation expense recorded for the year under audit.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Village's financial reporting process (that is, cause future financial statements to be materially misstated). We proposed, and management recorded, numerous adjustments caused by mispostings and accruals not made by the Village.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principals and auditing standards, with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of management and the Village Council and is not intended to be and should not be used by anyone other than these specified parties.


Seber Tans, PLC